



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

INFORMATIONAL LETTER NO. 699

DATE: April 11, 2008

TO: Hospitals, Federally Qualified Health Centers, Rural Health Clinics, Screening Centers, Family Planning Clinics, Maternal Health Centers, Clinics

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise

RE: 340B Provider Requirements for the Billing of Drugs

EFFECTIVE: Immediately

The 340B Drug Pricing Program resulted from enactment of the Veterans Health Care Act of 1992, which is Section 340B of the Public Health Service Act. 340B providers are able to acquire drugs through that program at significant discounted rates. Because of the discounted acquisition cost on these drugs, such are not eligible for the Medicaid drug rebate. State Medicaid programs are obligated to assure that rebates are not claimed on these drugs.

Important note: providers must always report the discounted 340B acquisition cost in the charge box of any claim submitted to Medicaid so that pricing can be considered in the Medicaid payment.

In order to comply, the Iowa Medicaid Enterprise (IME) is requiring 340B providers to do two things:

- (1) **Inform the IME if they are a participating “340B” provider by May 30, 2008**
- (2) **Use the “UD” modifier for any physician-administered drugs billed with J codes.**

Reporting 340B Status to the IME

All 340B providers are required to report their 340B status to the IME by May 30, 2008.

The attestation must include the following information:

1. Clearly noted in the subject line or top of the request that this is a “340B provider attestation”.
2. NPI of the 340B entity.
3. The 340B provider’s “taxonomy” used to link their NPI to individual “legacy” provider numbers, and zip code associated with the NPI.
4. Complete contact information of the person attesting to this status.

Providers may e-mail, fax or mail an attestation as follows:

EMAIL: imeproviderservices@dhs.state.ia.us. Please indicate “340B provider attestation” in the subject line.

FAX: IME Provider Services at 515-725-1155.

MAIL: IME Provider Services, P.O. Box 36450, Des Moines, IA 50315.

For future reference, any current 340B provider must also notify the IME if their 340B status has terminated. Such notification would also need to include the same items (1 – 4), listed above.

Using the “UD” modifier

340B Providers must use the “UD” modifier for any separately reportable and payable physician-administered drugs billed with J codes, as follows:

- For the UB04 claim form this modifier should be listed in box 44 right after the “J” code.
- For the CMS 1500 claim form, use the designated modifier area in box 24D following the “J” code.
- **The “UD” modifier should only be used for J code drugs actually acquired through the 340B discount program. It should not be used for any J code drugs acquired through other (non-340B) sources.**

Provision of the information described above will enable the IME to assure that rebates are not improperly claimed for 340B drugs. As with all aspects of the Medicaid program, please be aware that compliance with this requirement is subject to IME review. Providers who fail to attest to their status in this regard may face penalties or sanctions related to any such noncompliance.

If you have any questions please contact IME Provider Services at 1-800-338-7909, locally in Des Moines at 515-725-1004 or by email at imeproviderservices@dhs.state.ia.us.